

PRESS ADVISORY

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On May 12, 1994, Secretary of Defense William J. Perry will welcome Deputy Prime Minister of Ukraine Valery Shmarov to the Pentagon at the River Entrance with an honor arrival cordon at 4:30 p.m. (EDT). Following the arrival ceremony, there will be a photo opportunity in Secretary Perry's office in Room 3E-880.

Media interested in audiovisual coverage of this event may contact Jim Kout or Bob Ward at (703) 695-1068.

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NEWS RELEASE

OFFICE OF ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS)

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IMMEDIATE RELEASE May 12, 1994

Secretary of Defense William Perry met today with Valery Shmarov and announced plans for the first defense Nunn-Lugar funding. The Department of Defense will award Westinghouse Electric Corporation to create a joint venture with the Khartron Production Association.

Deputy Prime Minister of Ukraine announced a \$5 million cost-sharing grant to the Khartron firm, Khartron.

Khartron, located in Khar'kov, Ukraine, is one of 6 Ukrainian firms that are defense conversion candidates under the Nunn-Lugar program. Khartron formerly developed, produced and installed control systems for missiles and space systems. Under the grant, Westinghouse and Khartron will create a private joint venture company.

The new company, to be named Westron, will manufacture state-of-the-art instrumentation and control systems for nuclear, coal fired and hydroelectric power generating plants. These systems will be used to upgrade aging Ukraine nuclear power plants, as well as sold in the world marketplace.

Under the agreement between the two companies, Westinghouse will provide technology, management, manufacturing equipment, customer demonstration training and commercial skills to the venture. Khartron will contribute manufacturing facilities, engineers, manufacturing personnel and equipment.

The \$5 million grant is funded under a \$40 million Cooperative Threat Reduction (Nunn-Lugar) program agreement signed March 21, 1994 by the Department of Defense and the Ministry of Machine Building, Military-Industrial Complex and Conversion of Ukraine. The agreement provides funding for business partnerships between U.S. firms and former Ukraine military industries converting to non-military activities including conversion to the production of housing for military personnel demobilized as a result of the elimination of Ukraine strategic nuclear forces.

The United States and Ukraine signed an initial "umbrella" agreement on October 25, 1993. This agreement provided the legal framework for U.S. assistance under Nunn-Lugar legislation. Since then, eight agreements and a memorandum of understanding have entered into force, providing a total of up to \$277 million in Nunn-Lugar assistance to Ukraine.

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